

**SYNEX INTERNATIONAL INC.**

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Vancouver, British Columbia V6G 2Z4  
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February 17, 2003

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**SECURITIES AND EXCHANGE COMMISSION**

Office of International Corporate Finance  
Stop (3-9)  
450-5<sup>th</sup> Street NW  
Washington DC 20549

SUPPL

**REFERENCE ~~82-8362~~**  
**FILING OF CORPORATE INFORMATION**

Pursuant to our filing requirements under Rule 12g3-2(b) of the Securities Exchange Act of 1934, we enclose the following document(s) which has (have) either been mailed to the shareholders of our public company or disseminated as a News Release:

1. Interim Report to Shareholders for the six months ended December 31, 2002 (3 copies).

As you require, our reference number **82-8362** is shown at the top right hand corner

Yours truly,  
**SYNEX INTERNATIONAL INC.**

Alan W. Stephens  
Corporate Secretary

**PROCESSED**

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FINANCIAL

Enclosure(s)

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# Synex International Inc.

## **Second Quarter Report**

For six months ended December 31, 2002

# 2003

Synex International Inc

# Consolidated Balance Sheets

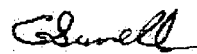
(unaudited)

	December 31 2002	June 30 2002
<b>Assets</b>		
Current		
Cash and cash equivalents	\$ 1,970,184	556,494
Accounts receivable	1,107,654	1,293,383
Prepaid expenses	19,342	55,185
Future income taxes	0	41,786
	3,097,180	1,946,848
Loan receivable	1,879,463	1,520,620
Capital assets	100,181	238,646
Future income taxes	87,427	155,898
Projects in Development and other assets	1,178,905	551,328
	\$ 6,343,156	4,413,340
<b>Liabilities</b>		
Current		
Accounts payable and accrued liabilities	\$ 245,896	511,996
	245,896	511,996
<b>Shareholders' equity</b>		
Capital stock	4,715,140	4,707,139
Retained earnings (deficit)	1,382,120	(805,795)
	6,097,260	3,901,344
	\$ 6,343,156	4,413,340

Approved by the Directors



Alan W Stephens  
Director



Greg J. Sunell  
Director

Synex International Inc

# Consolidated Statements of Income and Retained Earnings

(unaudited)

	Three months ended Dec 31		Six months ended Dec 31	
	2002	2001	2002	2001
<b>Revenue</b>	\$ 395,934	230,693	738,983	468,699
<b>Expenses</b>				
Amortization	13,595	9,877	22,992	19,907
Selling, general and administrative	443,273	230,747	710,330	485,574
	456,868	240,624	733,322	505,481
Income (loss) before provision for income taxes	(60,934)	(9,931)	5,661	(36,782)
Provision for income taxes	5,250	(16,700)	22,100	(28,046)
Net income (loss) from continuing operations	(66,184)	6,769	(16,439)	(8,736)
Net income from discontinued operations (Note 3)	0	13,508	28,262	33,103
Gain on disposal of investment, net of income taxes	2,176,094	0	2,176,094	0
<b>Net income for the period</b>	<b>2,109,910</b>	<b>20,277</b>	<b>2,187,917</b>	<b>24,367</b>
Deficit at beginning of period	(727,790)	(1,327,990)	(805,797)	(1,332,080)
<b>Retained earnings (deficit) at end of period</b>	<b>\$ 1,382,120</b>	<b>(1,307,713)</b>	<b>1,382,120</b>	<b>(1,307,713)</b>
<b>Earnings per share for the period :</b>				
Loss from continuing operations	\$ 0.00	0.00	0.00	0.00
Net income	\$ 0.14	0.00	0.14	0.00
<b>Fully diluted earnings per share for the period :</b>				
Loss from continuing operations	\$ 0.00	0.00	0.00	0.00
Net income	\$ 0.13	0.00	0.14	0.00
<b>Weighted average number of common shares outstanding :</b>				
Basic	15,221,083	15,462,833	15,221,083	15,462,833
Fully diluted	15,961,083	15,879,500	15,961,083	15,879,500

# Synex International Inc

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS :

### 1. BASIS OF PRESENTATION

These consolidated financial statements should be read in conjunction with the consolidated financial statements and notes included in the Company's 2002 Annual Report. The accompanying financial information does not include all disclosures required under generally accepted accounting principles ("GAAP") because certain information included in the Company's 2002 Annual Report has not been included in this report. The accompanying financial information reflects all adjustments consisting primarily of normal recurring adjustments, which are, in the opinion of management, necessary for a fair presentation of the results for the interim periods.

Certain comparative figures have been reclassified to conform with the basis of presentation adopted in the current period.

### 2. BUSINESS SEGMENTS

#### Three months ended December 31st

The principal classes of business of the Company are the funding and development of energy projects, the development and marketing of software products (2001), and the provision of engineering and project management services.

2002		Energy	Software	Engineering	Corporate	Consolidated
Total revenue	\$	711,225	-	295,611	1,731,032	
Inter-segment revenue (net)			-	100,722	65,118	
Revenue from customers	\$	711,225	-	194,889	1,665,914	2,572,028
Segment operating profit		480,154	-	28,773	1,665,097	2,174,024
Corporate general expenses						58,864
Corporate income taxes						5,250
Net income for the period	\$					2,109,910
Identifiable assets	\$	3,400,742	-	601,432	2,340,982	6,343,156
Capital expenditures	\$	325,274	(117,889)	3,275	-	210,660
Amortization	\$	2,334	-	7,626	3,635	13,595
2001		Energy	Software	Engineering	Corporate	Consolidated
Total revenue	\$	110,573	536,187	179,584	97,668	
Inter-segment revenue (net)			409	63,059	94,074	
Revenue from customers	\$	110,573	535,778	116,525	3,594	766,470
Segment operating profit		43,921	16,972	9,309	-	70,202
Corporate general expenses						63,882
Corporate income taxes						(13,957)
Net income for the period	\$					20,277
Identifiable assets	\$	2,392,735	919,843	267,380	384,192	3,964,150
Capital expenditures	\$	46,551	22,909	2,583	3,547	75,590
Amortization	\$	2,159	12,973	2,912	4,806	22,850

The following table sets forth the geographic information of revenues which are attributed to countries based on location of customers :

Countries	2002	2001
Canada	\$ 2,519,993	263,751
United States	52,035	471,193
United Kingdom	-	20,143
Other Countries	-	11,383
Total	\$ 2,572,028	766,470

All of the company's long-lived assets are located in Canada.

# Synex International Inc

## 2. BUSINESS SEGMENTS - continued

### Six months ended December 31st

The principal classes of business of the Company are the funding and development of energy projects, the development and marketing of software products (2001), and the provision of engineering and project management services.

2002		Energy	Software	Engineering	Corporate	Consolidated
Total revenue	\$	807,838	705,710	605,829	1,902,184	
Inter-segment revenue (net)			2,000	165,961	232,813	
Revenue from customers	\$	807,838	703,710	439,868	1,669,371	3,620,787
Segment operating profit		493,272	108,591	68,128	1,665,097	2,335,088
Corporate general expenses						115,321
Corporate income taxes						31,850
Net income for the period	\$					2,187,917
Identifiable assets	\$	3,400,742	-	601,432	2,340,982	6,343,156
Capital expenditures	\$	452,159	(114,996)	4,190	(15,000)	326,353
Amortization	\$	4,667	10,255	10,597	7,727	33,246
2001		Energy	Software	Engineering	Corporate	Consolidated
Total revenue	\$	211,163	1,154,792	386,208	210,489	
Inter-segment revenue (net)			409	136,009	203,153	
Revenue from customers	\$	211,163	1,154,383	250,199	7,336	1,623,081
Segment operating profit		54,742	55,796	34,799	-	145,337
Corporate general expenses						137,273
Corporate income taxes						(16,303)
Net income for the period	\$					24,367
Identifiable assets	\$	2,392,735	919,843	267,380	384,192	3,964,150
Capital expenditures	\$	84,114	39,068	2,583	3,547	129,312
Amortization	\$	4,164	24,369	5,868	9,875	44,276

The following table sets forth the geographic information of revenues which are attributed to countries based on location of customers :

Countries	2002	2001
Canada	\$ 2,889,060	526,802
United States	635,392	903,522
United Kingdom	81,191	128,432
Other Countries	15,144	64,325
Total	\$ 3,620,787	1,623,081

All of the company's long-lived assets are located in Canada.

## Synex International Inc

### 3. DISCONTINUED OPERATIONS

The shares of the software division of the Company, Synex Systems Corporation, were sold to Lasata Software Pty Ltd of Perth, Australia, which assumed ownership on October 1, 2002. Under the terms of the share sale, the Company received cash in the amount of \$2,500,000 plus an estimated amount of \$475,000 for working capital, subject to a holdback of \$275,000 pending collection of the outstanding accounts receivable. The operating results of these discontinued operations have been reclassified under discontinued operations in the statements of income.

The consolidated balance sheets include the following items related to discontinued operations:

	Dec 31 2002	Jun 30 2002
Cash and cash equivalent	\$ 0	292,004
Accounts receivable	0	522,373
Prepaid expenses	0	24,059
Capital assets	0	122,359
Future income taxes	0	56,873
Total assets	0	1,017,668
Accounts payable and accrued liabilities	0	157,859
Deficit	0	(1,840)
Net assets	\$ 0	861,649

Six months ended Dec 31st  
2002 2001

Earnings from discontinued operations were as follows :

Revenue	\$ 705,710	1,154,382
Net income from discontinued operations	28,262	33,103
Gain on sale of assets, net of taxes	2,176,094	0
Net earnings	\$ 2,204,356	33,103

The cash flows from discontinued operations were as follows :

Cash provided by (used for)		
Operating activities	(147,259)	243,081
Financing activities	0	(75,000)
Investing activities	(52,891)	(39,066)
	\$ (200,150)	129,015

## **Synex International Inc.**

### **Stock Exchange Listing**

The Toronto Stock Exchange  
Trading Symbol (SXI)  
Listed on June 5, 1987

### **Auditors**

Deloitte & Touche LLP  
Chartered Accountants  
2000 - 1055 Dunsmuir Street  
Vancouver, B.C. V7X 1P4

### **Solicitors**

Fraser Milner Casgrain  
Barristers and Solicitors  
15th Floor  
The Grovesnor Building  
1040 West Georgia Street  
Vancouver, B.C. V6E 4H8

### **Registrar and Transfer Agent**

Computershare Trust Company of Canada  
510 Burrard Street  
Vancouver, B.C. V6C 3B9

### **Bankers**

Royal Bank of Canada  
1025 West Georgia Street  
Vancouver, B.C. V6E 3N9

### **Head Office**

1444 Alberni Street, 4th Floor  
Vancouver, BC V6G 2Z4  
Telephone 604-688-8271  
Facsimile 604-688-1286

### **Website**

[www.synex.com](http://www.synex.com)  
Email: [gsunell@synex.com](mailto:gsunell@synex.com)



82-8362

# Synex International Inc.

## **Second Quarter Report**

For six months ended December 31, 2002

# 2003



## REPORT FROM THE PRESIDENT

The financial performance for the six month period ended December 31, 2002 was dominated by the sale of the shares of Synex Systems Corporation to Lasata Pty. Ltd. of Australia. Lasata assumed ownership on October 1, 2002 and the Company received cash in the amount of \$2,500,000 plus an estimated \$475,000 for working capital, subject to a holdback of \$275,000 pending collection of outstanding accounts. As at December 31, 2002, the total amount billed against the holdback was \$114,430. The gain on sale of the software division was \$2,176,094. Net income after taxes and earnings per share for the six months ended December 31, 2002 were \$2,187,917 and \$0.14 respectively.

For continuing operations, which excludes the software division, revenue for the six months ended December 31, 2002 increased to \$738,983 from \$468,699 for the corresponding period in the previous year. For the six month period there was a net loss after taxes of \$16,439 as compared to a net loss of \$8,736 for the corresponding period in the previous year. Earnings per share from continuing operations for the first six months was \$0.00, the same as for the previous year.

### Synex Energy Resources Ltd.

Revenue for the first six months increased to \$807,838 from \$211,163 for the previous year with a segment operating profit of \$493,272 as compared to a profit of \$54,742 in the corresponding period in the previous year. The segment revenue and operating profit includes the one-time gain of \$552,075 on the sale of shares that Synex Energy held in Synex Systems Corporation.

Synex Energy has a US\$1 million Convertible Loan with New World Power Corporation, which was due on June 30, 2001. The Convertible Loan and accrued unpaid interest is secured by a first mortgage on the power plants of Wolverine Power Corporation, a wholly owned subsidiary of New World. Synex Energy and New World executed a Stock Purchase Agreement dated October 22, 2002 which was scheduled to close on or before December 31, 2002. The Agreement was subject to approval of the shareholders of New World as well as the provision of additional disclosure of information regarding Wolverine. New World did not solicit the approval of all of its shareholders or provide some of the requested disclosure information to Synex Energy. Accordingly the Agreement did not close on December 31, 2002. Synex Energy proceeded in early January 2003 with the steps necessary for the potential acquisition of the assets of Wolverine Power Corporation under a foreclosure procedure that would be completed in July 2003. Synex Energy is continuing discussions regarding the possible extension of the Stock Purchase Agreement.

During the second quarter, regulatory and design work continued on three projects to be located on Vancouver Island, British Columbia: the Kyuquot electrical utility; a 4 MW hydroelectric project on Mears Creek; and a 3 MW hydroelectric project on McKelvie Creek. Efforts are now concentrated on the design of the Mears Creek Project for which the turbine/generator has been ordered with delivery expected by September 30, 2003. Construction of the Mears Creek project is scheduled to commence in the spring of 2003 and be completed in January 2004.

Synex Energy is a significant shareholder of Coast Mountain Power Corp., holding over 9% of its outstanding shares. During the second quarter, Coast Mountain continued the regulatory process with respect to its proposed 100MW Forrest Kerr Hydroelectric Project.

In October 2002, BC Hydro issued a request for qualifications to independent power producers for proposed projects under its Green Power Generation program. The closing date was December 16, 2002 and BC Hydro received submissions for over 70 projects, including two submissions by Synex Energy for small hydro projects and a submission by Coast Mountain for its Forrest Kerr Project. BC Hydro has stated that its Green Power Generation program is intended to result in some of the proponents securing a power purchase agreement by the fall of 2003.

### Sigma Engineering Ltd.

The engineering division was active on a number of assignments for the energy division and others, mainly in respect of hydroelectric opportunities in British Columbia. Revenue from external customers for the six month period was \$439,868 as compared to \$250,199 in the previous year and segment operating profit increased to \$68,128 from \$34,799.

### OUTLOOK

The Company is proceeding with the Mears Creek Project as well as advancing a number of other energy prospects and anticipates a progressive transition from a diversified company with interests in energy and software development to re-establishing its position as an owner and active developer of hydroelectric plants and electrical energy projects.



Greg J. Sunell, President

Synex International Inc

# Consolidated Balance Sheets

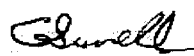
(unaudited)

	December 31 2002	June 30 2002
<b>Assets</b>		
Current		
Cash and cash equivalents	\$ 1,970,184	556,494
Accounts receivable	1,107,654	1,293,383
Prepaid expenses	19,342	55,185
Future income taxes	0	41,786
	3,097,180	1,946,848
Loan receivable	1,879,463	1,520,620
Capital assets	100,181	238,646
Future income taxes	87,427	155,698
Projects in Development and other assets	1,178,905	551,328
	\$ 6,343,156	4,413,340
<b>Liabilities</b>		
Current		
Accounts payable and accrued liabilities	\$ 245,896	511,996
	245,896	511,996
<b>Shareholders' equity</b>		
Capital stock	4,715,140	4,707,139
Retained earnings (deficit)	1,382,120	(805,795)
	6,097,260	3,901,344
	\$ 6,343,156	4,413,340

Approved by the Directors



Alan W. Stephens  
Director



Greg J. Sunell  
Director

Synex International Inc

# Consolidated Statements of Income and Retained Earnings

(unaudited)

	Three months ended Dec 31		Six months ended Dec 31	
	2002	2001	2002	2001
<b>Revenue</b>	\$ 395,934	230,693	738,983	468,699
<b>Expenses</b>				
Amortization	13,595	9,877	22,992	19,907
Selling, general and administrative	443,273	230,747	710,330	485,574
	456,868	240,624	733,322	505,481
Income (loss) before provision for income taxes	(60,934)	(9,931)	5,661	(36,782)
Provision for income taxes	5,250	(16,700)	22,100	(28,046)
Net income (loss) from continuing operations	(66,184)	6,769	(16,439)	(8,736)
Net income from discontinued operations (Note 3)	0	13,508	28,262	33,103
Gain on disposal of investment, net of income taxes	2,176,094	0	2,176,094	0
<b>Net income for the period</b>	<b>2,109,910</b>	<b>20,277</b>	<b>2,187,917</b>	<b>24,367</b>
Deficit at beginning of period	(727,790)	(1,327,990)	(805,797)	(1,332,080)
<b>Retained earnings (deficit) at end of period</b>	<b>\$ 1,382,120</b>	<b>(1,307,713)</b>	<b>1,382,120</b>	<b>(1,307,713)</b>
<b>Earnings per share for the period :</b>				
Loss from continuing operations	\$ 0.00	0.00	0.00	0.00
Net income	\$ 0.14	0.00	0.14	0.00
<b>Fully diluted earnings per share for the period :</b>				
Loss from continuing operations	\$ 0.00	0.00	0.00	0.00
Net income	\$ 0.13	0.00	0.14	0.00
<b>Weighted average number of common shares outstanding :</b>				
Basic	15,221,083	15,462,833	15,221,083	15,462,833
Fully diluted	15,961,083	15,879,500	15,961,083	15,879,500

Synex International Inc

# Consolidated Statements of Cash Flows

(unaudited)

	Three months ended Dec 31		Six months ended Dec 31	
	2002	2001	2002	2001
<b>Operating activities</b>				
Net (loss) income	\$ (66,184)	6,769	(16,439)	(8,736)
Amortization	13,595	9,877	22,992	19,907
Future income taxes	98,659	0	110,259	0
	46,070	16,646	116,812	11,171
Changes in operating assets and liabilities :				
Decrease (increase) in accounts receivable	354,151	6,004	240,546	(25,631)
Decrease (increase) in prepaid expenses	23,845	11,535	31,043	(9,177)
(Decrease) increase in accounts payable and accrued liabilities	(172,294)	408	(130,342)	39,607
	251,772	34,593	258,059	15,970
<b>Financing activities</b>				
Loan payable	0	25,000	0	75,000
Common shares issued (purchased)	0	(29,790)	8,000	(46,765)
	0	(4,790)	8,000	28,235
<b>Investing activities</b>				
Loan receivable	(358,842)	(1,396)	(308,842)	(1,396)
Energy projects (net)	(315,123)	(46,550)	(439,008)	(84,113)
Capital asset additions (net)	(10,533)	(6,129)	(2,341)	(6,132)
Investments	(193,114)	37,275	(193,114)	(11,299)
	(877,612)	(16,800)	(943,305)	(102,940)
Increase (decrease) in cash and cash equivalents from continuing operations during the period	\$ (625,840)	13,003	(677,246)	(58,735)
Increase (decrease) in cash and cash equivalent from discontinued operations during the period (Note 3) :				
Operations	(2,891)	122,728	(200,150)	129,015
Capital assets	114,996	0	114,996	0
Investments	2,176,094	0	2,176,094	0
Cash and cash equivalents at beginning of period	307,825	483,425	556,490	548,876
<b>Cash and cash equivalents at end of period</b>	<b>\$ 1,970,184</b>	<b>619,156</b>	<b>1,970,184</b>	<b>619,156</b>
<b>Supplemental disclosure of cash flow information :</b>				
Cash payment for taxes	\$ (5,250)	(4,970)	(20,250)	(13,970)
Cash receipts for taxes	\$ 0	0	0	11,346

# Synex International Inc

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#### Three months ended December 31st

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Corporate general expenses						58,864
Corporate income taxes						5,250
Net income for the period	\$					2,109,910
Identifiable assets	\$	3,400,742	-	601,432	2,340,982	6,343,156
Capital expenditures	\$	325,274	(117,889)	3,275	-	210,660
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# Synex International Inc

## 2. BUSINESS SEGMENTS - continued

### Six months ended December 31st

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Inter-segment revenue (net)			2,000	165,961	232,813	
Revenue from customers	\$	807,838	703,710	439,868	1,669,371	3,620,787
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Total revenue	\$	211,163	1,154,792	386,208	210,489	
Inter-segment revenue (net)			409	136,009	203,153	
Revenue from customers	\$	211,163	1,154,383	250,199	7,336	1,623,081
Segment operating profit		54,742	55,796	34,799	-	145,337
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Net income for the period	\$					24,367
Identifiable assets	\$	2,392,735	919,843	267,380	384,192	3,964,150
Capital expenditures	\$	84,114	39,068	2,583	3,547	129,312
Amortization	\$	4,164	24,369	5,868	9,875	44,276

The following table sets forth the geographic information of revenues which are attributed to countries based on location of customers :

<b>Countries</b>	<b>2002</b>	<b>2001</b>
Canada	\$ 2,889,060	526,802
United States	635,392	903,522
United Kingdom	81,191	128,432
Other Countries	15,144	64,325
Total	\$ 3,620,787	1,623,081

All of the company's long-lived assets are located in Canada.

## Synex International Inc

### 3. DISCONTINUED OPERATIONS

The shares of the software division of the Company, Synex Systems Corporation, were sold to Lasata Software Pty Ltd of Perth, Australia, which assumed ownership on October 1, 2002. Under the terms of the share sale, the Company received cash in the amount of \$2,500,000 plus an estimated amount of \$475,000 for working capital, subject to a holdback of \$275,000 pending collection of the outstanding accounts receivable. The operating results of these discontinued operations have been reclassified under discontinued operations in the statements of income.

The consolidated balance sheets include the following items related to discontinued operations:

	Dec 31 2002	Jun 30 2002
Cash and cash equivalent	\$ 0	292,004
Accounts receivable	0	522,373
Prepaid expenses	0	24,059
Capital assets	0	122,359
Future income taxes	0	56,873
Total assets	0	1,017,668
Accounts payable and accrued liabilities	0	157,859
Deficit	0	(1,840)
Net assets	\$ 0	861,649

Six months ended Dec 31st  
2002 2001

Earnings from discontinued operations were as follows :

Revenue	\$ 705,710	1,154,382
Net income from discontinued operations	28,262	33,103
Gain on sale of assets, net of taxes	2,176,094	0
Net earnings	\$ 2,204,356	33,103

The cash flows from discontinued operations were as follows :

Cash provided by (used for)		
Operating activities	(147,259)	243,081
Financing activities	0	(75,000)
Investing activities	(52,891)	(39,066)
	\$ (200,150)	129,015



## **Synex International Inc.**

### **Stock Exchange Listing**

The Toronto Stock Exchange  
Trading Symbol (SXI)  
Listed on June 5, 1987

### **Auditors**

Deloitte & Touche LLP  
Chartered Accountants  
2000 - 1055 Dunsmuir Street  
Vancouver, B.C. V7X 1P4

### **Solicitors**

Fraser Milner Casgrain  
Barristers and Solicitors  
15th Floor  
The Grovesnor Building  
1040 West Georgia Street  
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### **Registrar and Transfer Agent**

Computershare Trust Company of Canada  
510 Burrard Street  
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### **Bankers**

Royal Bank of Canada  
1025 West Georgia Street  
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82-8362

# Synex International Inc.

## **Second Quarter Report**

For six months ended December 31, 2002

# 2003



## REPORT FROM THE PRESIDENT

The financial performance for the six month period ended December 31, 2002 was dominated by the sale of the shares of Synex Systems Corporation to Lasata Pty. Ltd. of Australia. Lasata assumed ownership on October 1, 2002 and the Company received cash in the amount of \$2,500,000 plus an estimated \$475,000 for working capital, subject to a holdback of \$275,000 pending collection of outstanding accounts. As at December 31, 2002, the total amount billed against the holdback was \$114,430. The gain on sale of the software division was \$2,176,094. Net income after taxes and earnings per share for the six months ended December 31, 2002 were \$2,187,917 and \$0.14 respectively.

For continuing operations, which excludes the software division, revenue for the six months ended December 31, 2002 increased to \$738,983 from \$468,699 for the corresponding period in the previous year. For the six month period there was a net loss after taxes of \$16,439 as compared to a net loss of \$8,736 for the corresponding period in the previous year. Earnings per share from continuing operations for the first six months was \$0.00, the same as for the previous year.

### **Synex Energy Resources Ltd.**

Revenue for the first six months increased to \$807,838 from \$211,163 for the previous year with a segment operating profit of \$493,272 as compared to a profit of \$54,742 in the corresponding period in the previous year. The segment revenue and operating profit includes the one-time gain of \$552,075 on the sale of shares that Synex Energy held in Synex Systems Corporation.

Synex Energy has a US\$1 million Convertible Loan with New World Power Corporation, which was due on June 30, 2001. The Convertible Loan and accrued unpaid interest is secured by a first mortgage on the power plants of Wolverine Power Corporation, a wholly owned subsidiary of New World. Synex Energy and New World executed a Stock Purchase Agreement dated October 22, 2002 which was scheduled to close on or before December 31, 2002. The Agreement was subject to approval of the shareholders of New World as well as the provision of additional disclosure of information regarding Wolverine. New World did not solicit the approval of all of its shareholders or provide some of the requested disclosure information to Synex Energy. Accordingly the Agreement did not close on December 31, 2002. Synex Energy proceeded in early January 2003 with the steps necessary for the potential acquisition of the assets of Wolverine Power Corporation under a foreclosure procedure that would be completed in July 2003. Synex Energy is continuing discussions regarding the possible extension of the Stock Purchase Agreement.

During the second quarter, regulatory and design work continued on three projects to be located on Vancouver Island, British Columbia: the Kyuquot electrical utility; a 4 MW hydroelectric project on Mears Creek; and a 3 MW hydroelectric project on McKelvie Creek. Efforts are now concentrated on the design of the Mears Creek Project for which the turbine/generator has been ordered with delivery expected by September 30, 2003. Construction of the Mears Creek project is scheduled to commence in the spring of 2003 and be completed in January 2004.

Synex Energy is a significant shareholder of Coast Mountain Power Corp., holding over 9% of its outstanding shares. During the second quarter, Coast Mountain continued the regulatory process with respect to its proposed 100MW Forrest Kerr Hydroelectric Project.

In October 2002, BC Hydro issued a request for qualifications to independent power producers for proposed projects under its Green Power Generation program. The closing date was December 16, 2002 and BC Hydro received submissions for over 70 projects, including two submissions by Synex Energy for small hydro projects and a submission by Coast Mountain for its Forrest Kerr Project. BC Hydro has stated that its Green Power Generation program is intended to result in some of the proponents securing a power purchase agreement by the fall of 2003.

### **Sigma Engineering Ltd.**

The engineering division was active on a number of assignments for the energy division and others, mainly in respect of hydroelectric opportunities in British Columbia. Revenue from external customers for the six month period was \$439,868 as compared to \$250,199 in the previous year and segment operating profit increased to \$68,128 from \$34,799.

### **OUTLOOK**

The Company is proceeding with the Mears Creek Project as well as advancing a number of other energy prospects and anticipates a progressive transition from a diversified company with interests in energy and software development to re-establishing its position as an owner and active developer of hydroelectric plants and electrical energy projects.



Greg J Sunell, President

Synex International Inc

## Consolidated Balance Sheets

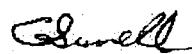
(unaudited)

	December 31	June 30
	2002	2002
<b>Assets</b>		
Current		
Cash and cash equivalents	\$ 1,970,184	556,494
Accounts receivable	1,107,654	1,293,383
Prepaid expenses	19,342	55,185
Future income taxes	0	41,786
	3,097,180	1,946,848
Loan receivable	1,879,463	1,520,620
Capital assets	100,181	238,646
Future income taxes	87,427	155,898
Projects in Development and other assets	1,178,905	551,328
	\$ 6,343,156	4,413,340
<b>Liabilities</b>		
Current		
Accounts payable and accrued liabilities	\$ 245,896	511,996
	245,896	511,996
<b>Shareholders' equity</b>		
Capital stock	4,715,140	4,707,139
Retained earnings (deficit)	1,382,120	(805,795)
	6,097,260	3,901,344
	\$ 6,343,156	4,413,340

Approved by the Directors



Alan W Stephens  
Director



Greg J. Sunell  
Director

Synex International Inc

# Consolidated Statements of Income and Retained Earnings

(unaudited)

	Three months ended Dec 31		Six months ended Dec 31	
	2002	2001	2002	2001
<b>Revenue</b>	\$ 395,934	230,693	738,983	468,699
<b>Expenses</b>				
Amortization	13,595	9,877	22,992	19,907
Selling, general and administrative	443,273	230,747	710,330	485,574
	456,868	240,624	733,322	505,481
Income (loss) before provision for income taxes	(60,934)	(9,931)	5,661	(36,782)
Provision for income taxes	5,250	(16,700)	22,100	(28,046)
Net income (loss) from continuing operations	(66,184)	6,769	(16,439)	(8,736)
Net income from discontinued operations (Note 3)	0	13,508	28,262	33,103
Gain on disposal of investment, net of income taxes	2,176,094	0	2,176,094	0
<b>Net income for the period</b>	<b>2,109,910</b>	<b>20,277</b>	<b>2,187,917</b>	<b>24,367</b>
Deficit at beginning of period	(727,790)	(1,327,990)	(805,797)	(1,332,080)
<b>Retained earnings (deficit) at end of period</b>	<b>\$ 1,382,120</b>	<b>(1,307,713)</b>	<b>1,382,120</b>	<b>(1,307,713)</b>
<b>Earnings per share for the period :</b>				
Loss from continuing operations	\$ 0.00	0.00	0.00	0.00
Net income	\$ 0.14	0.00	0.14	0.00
<b>Fully diluted earnings per share for the period :</b>				
Loss from continuing operations	\$ 0.00	0.00	0.00	0.00
Net income	\$ 0.13	0.00	0.14	0.00
<b>Weighted average number of common shares outstanding :</b>				
Basic	15,221,083	15,462,833	15,221,083	15,462,833
Fully diluted	15,961,083	15,879,500	15,961,083	15,879,500

Synex International Inc

# Consolidated Statements of Cash Flows

(unaudited)

	Three months ended Dec 31		Six months ended Dec 31	
	2002	2001	2002	2001
<b>Operating activities</b>				
Net (loss) income	\$ (66,184)	6,769	(16,439)	(8,736)
Amortization	13,595	9,877	22,992	19,907
Future income taxes	98,659	0	110,259	0
	46,070	16,646	116,812	11,171
Changes in operating assets and liabilities :				
Decrease (increase) in accounts receivable	354,151	6,004	240,546	(25,631)
Decrease (increase) in prepaid expenses	23,845	11,535	31,043	(9,177)
(Decrease) increase in accounts payable and accrued liabilities	(172,294)	408	(130,342)	39,607
	251,772	34,593	258,059	15,970
<b>Financing activities</b>				
Loan payable	0	25,000	0	75,000
Common shares issued (purchased)	0	(29,790)	8,000	(46,765)
	0	(4,790)	8,000	28,235
<b>Investing activities</b>				
Loan receivable	(358,842)	(1,396)	(308,842)	(1,396)
Energy projects (net)	(315,123)	(46,550)	(439,008)	(84,113)
Capital asset additions (net)	(10,533)	(6,129)	(2,341)	(6,132)
Investments	(193,114)	37,275	(193,114)	(11,299)
	(877,612)	(16,800)	(943,305)	(102,940)
Increase (decrease) in cash and cash equivalents from continuing operations during the period	\$ (625,840)	13,003	(677,246)	(58,735)
Increase (decrease) in cash and cash equivalent from discontinued operations during the period (Note 3) :				
Operations	(2,891)	122,728	(200,150)	129,015
Capital assets	114,996	0	114,996	0
Investments	2,176,094	0	2,176,094	0
Cash and cash equivalents at beginning of period	307,825	483,425	556,490	548,876
<b>Cash and cash equivalents at end of period</b>	<b>\$ 1,970,184</b>	<b>619,156</b>	<b>1,970,184</b>	<b>619,156</b>
<b>Supplemental disclosure of cash flow information :</b>				
Cash payment for taxes	\$ (5,250)	(4,970)	(20,250)	(13,970)
Cash receipts for taxes	\$ 0	0	0	11,346

# Synex International Inc

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS :

### 1. BASIS OF PRESENTATION

These consolidated financial statements should be read in conjunction with the consolidated financial statements and notes included in the Company's 2002 Annual Report. The accompanying financial information does not include all disclosures required under generally accepted accounting principles ("GAAP") because certain information included in the Company's 2002 Annual Report has not been included in this report. The accompanying financial information reflects all adjustments consisting primarily of normal recurring adjustments, which are, in the opinion of management, necessary for a fair presentation of the results for the interim periods.

Certain comparative figures have been reclassified to conform with the basis of presentation adopted in the current period.

### 2. BUSINESS SEGMENTS

#### Three months ended December 31st

The principal classes of business of the Company are the funding and development of energy projects, the development and marketing of software products (2001), and the provision of engineering and project management services.

2002		Energy	Software	Engineering	Corporate	Consolidated
Total revenue	\$	711,225	-	295,611	1,731,032	
Inter-segment revenue (net)			-	100,722	65,118	
Revenue from customers	\$	711,225	-	194,889	1,665,914	2,572,028
Segment operating profit		480,154	-	28,773	1,665,097	2,174,024
Corporate general expenses						58,864
Corporate income taxes						5,250
Net income for the period	\$					2,109,910
Identifiable assets	\$	3,400,742	-	601,432	2,340,982	6,343,156
Capital expenditures	\$	325,274	(117,889)	3,275	-	210,660
Amortization	\$	2,334	-	7,626	3,635	13,595
2001		Energy	Software	Engineering	Corporate	Consolidated
Total revenue	\$	110,573	536,187	179,584	97,668	
Inter-segment revenue (net)			409	63,059	94,074	
Revenue from customers	\$	110,573	535,778	116,525	3,594	766,470
Segment operating profit		43,921	16,972	9,309	-	70,202
Corporate general expenses						63,882
Corporate income taxes						(13,957)
Net income for the period	\$					20,277
Identifiable assets	\$	2,392,735	919,843	267,380	384,192	3,964,150
Capital expenditures	\$	46,551	22,909	2,583	3,547	75,590
Amortization	\$	2,159	12,973	2,912	4,806	22,850

The following table sets forth the geographic information of revenues which are attributed to countries based on location of customers :

Countries	2002	2001
Canada	\$ 2,519,993	263,751
United States	52,035	471,193
United Kingdom	-	20,143
Other Countries	-	11,383
Total	\$ 2,572,028	766,470

All of the company's long-lived assets are located in Canada.

# Synex International Inc

## 2. BUSINESS SEGMENTS - continued

### Six months ended December 31st

The principal classes of business of the Company are the funding and development of energy projects, the development and marketing of software products (2001), and the provision of engineering and project management services.

2002		Energy	Software	Engineering	Corporate	Consolidated
Total revenue	\$	807,838	705,710	605,829	1,902,184	
Inter-segment revenue (net)			2,000	165,961	232,813	
Revenue from customers	\$	807,838	703,710	439,868	1,669,371	3,620,787
Segment operating profit		493,272	108,591	68,128	1,665,097	2,335,088
Corporate general expenses						115,321
Corporate income taxes						31,850
Net income for the period	\$					2,187,917
Identifiable assets	\$	3,400,742	-	601,432	2,340,982	6,343,156
Capital expenditures	\$	452,159	(114,996)	4,190	(15,000)	326,353
Amortization	\$	4,667	10,255	10,597	7,727	33,246
2001		Energy	Software	Engineering	Corporate	Consolidated
Total revenue	\$	211,163	1,154,792	386,208	210,489	
Inter-segment revenue (net)			409	136,009	203,153	
Revenue from customers	\$	211,163	1,154,383	250,199	7,336	1,623,081
Segment operating profit		54,742	55,796	34,799	-	145,337
Corporate general expenses						137,273
Corporate income taxes						(16,303)
Net income for the period	\$					24,367
Identifiable assets	\$	2,392,735	919,843	267,380	384,192	3,964,150
Capital expenditures	\$	84,114	39,068	2,583	3,547	129,312
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## Synex International Inc

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Six months ended Dec 31st  
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